



PRINCETON  
LONG/SHORT  
TREASURY FUND

# DISCLOSURES

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***Investors should carefully consider the investment objectives, risks, charges and expenses of the Princeton Long/Short Treasury Fund. This and other important information about the Fund is contained in the Prospectus, which can be obtained by contacting your financial advisor, or by calling (888) 868-9501. The Prospectus should be read carefully before investing.***

*Princeton Long/Short Treasury Fund is distributed by Foreside Distribution Services, L.P.. Princeton Fund Advisors, LLC and Foreside Distribution Services, L.P. are not affiliated.*

*Mutual Funds involve risk including the possible loss of principal. There is a risk that issuers and counterparties will not make payments on securities and other investments held by the Fund, resulting in losses to the Fund. The value of the Fund's investments in fixed income securities, whether via direct investment or through Underlying Funds, will fluctuate with changes in interest rates. Typically, a rise in interest rates causes a decline in the value of fixed income securities.*

*The Fund's use of futures involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Investments in futures involve leverage, which means a small percentage of assets invested in futures can have a disproportionately large impact on the Fund. Overall fixed income, and derivatives market risks may affect the value of the Fund. While the Fund is not designed to be correlated with the markets in general, dramatic or abrupt volatility within the market would negatively impact the Fund's strategy.*

*Model Risk: Like all quantitative analysis, ProfitScore's directional trading model used to create the ProfitScore® Long/Short U.S. Treasuries Index carries a risk that it might be based on one or more incorrect assumptions. The model may not accurately predict the direction of the value of US Treasuries. Rapidly changing and unforeseen market dynamics could also lead to a decrease in the effectiveness of the model. The Fund is not designed to participate in or be correlated to overall movements of the markets; therefore the Fund may not benefit from positive equity or fixed income markets, or experience the same type of positive returns as some other funds in a positive equity or fixed income market environment. As a non-diversified fund, the Fund may invest more than 5% of its total assets in the securities of one or more issuers. The Fund's performance may be more sensitive to any single economic, business, political or regulatory occurrence than the value of shares of a diversified investment company.*

*Underlying Funds are subject to investment advisory and other expenses, which will be indirectly paid by the Fund. A higher portfolio turnover may result in higher transactional and brokerage costs associated with the turnover which may reduce the Fund's return, unless the portfolio assets traded can be bought and sold without corresponding commission costs. The Fund is a new and prior to its recent commencement of operations had no history of operations for investors to evaluate.*

# EXECUTIVE SUMMARY

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- Princeton Long/Short Treasury Fund Characteristics:
  - Seeks to replicate the ProfitScore® Long/Short U.S. Treasuries Index (the "Index")
  - Actively managed
  - 100% quantitative for trading signal generation
  - Trades longer-dated U.S. Treasury futures (Although the Fund seeks to replicate the Index, the Fund itself is not an index fund)
  - Predictive Analytics derived from millions of data series
- The Fund attempts to:
  - Use active management to generate long-term attractive returns with little correlation to traditional fixed income and equity markets
  - Improve portfolio risk/return metrics by providing important diversification to traditional equity/fixed income portfolios

# WHY CONSIDER THIS STRATEGY?

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- The combination of low yields and potentially rising interest rates has created a challenging environment for long-only fixed income investors, AND
- The U.S. equity market continues to make all time highs as it extends its unprecedented 8-year bull market

## Fixed Income Market Concerns

- Bond bull market began in June 1981
- 10 year rates are near historic lows
- We believe bonds are a crowded trade
- Interest rates trend for decades
- Tail wind may now become a headwind

## Equity Market Concerns

- Unprecedented 9-year bull market continues
- Shiller P/E ratio\* at about 34x vs. a historical average of about 17x



\* The Shiller P/E, or cyclically adjusted price-to-earnings ratio, commonly known as CAPE, is a valuation measure usually applied to the US S&P 500 equity market. It is defined as price divided by the average of ten years of earnings, adjusted for inflation.

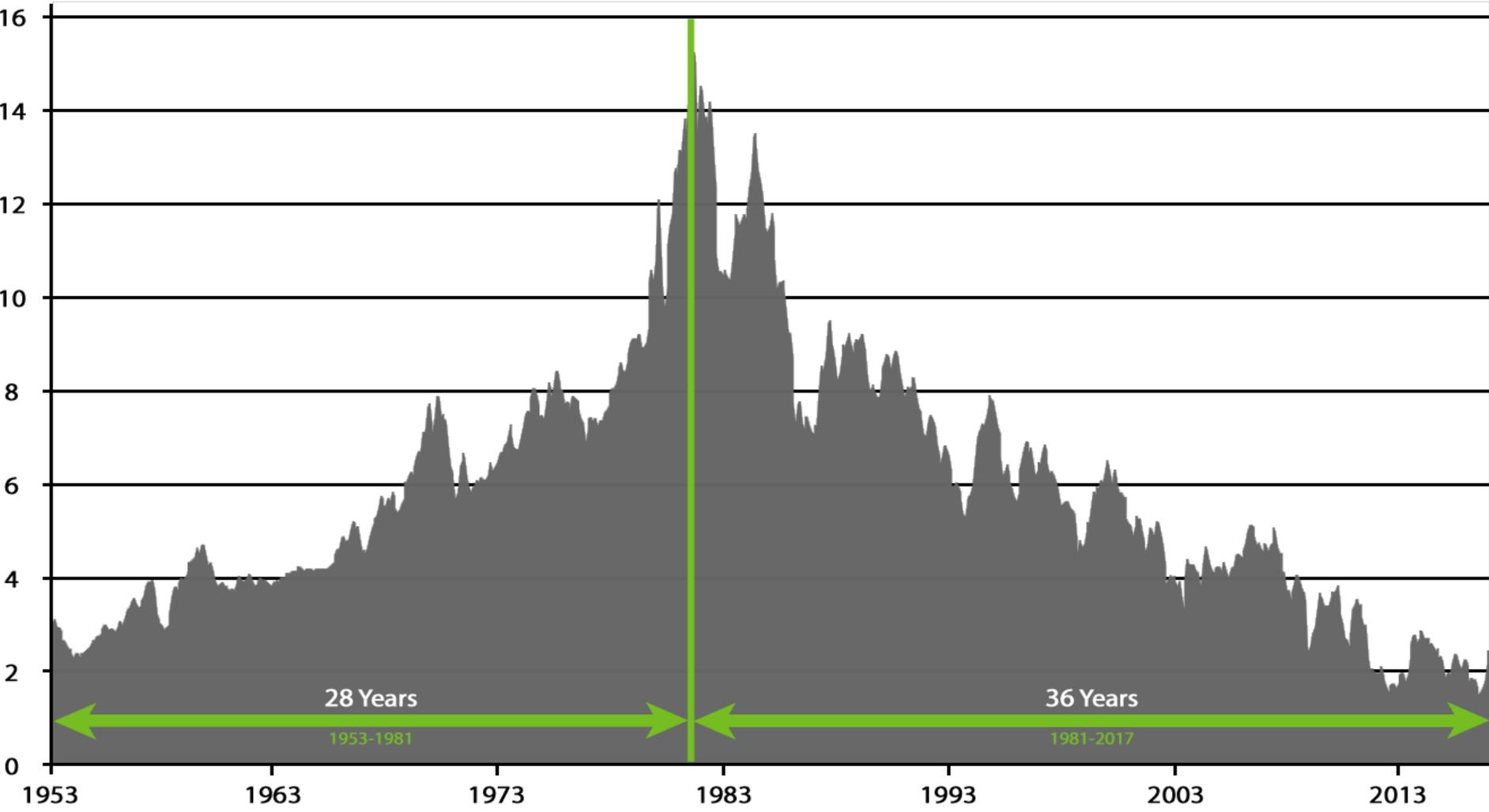
*Past performance is not indicative of future results.*

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# **BRIEF HISTORY OF U.S. INTEREST RATES**

# IS THE BOTTOM IN RATES FINALLY HERE?

10 Year Treasury Interest Rates



Source: Bloomberg

# MANAGING THE NEXT INTEREST RATE CYCLE

- Not many fixed income managers today were managing fixed income portfolios during the last bond bear market
- Need a strategy that can potentially do well during the next bear market interest rate cycle

## Lost Decades

	10 Year Treasuries Avg. Annual Return	Average Annual Inflation Rate	Average Annual Real Returns
<b>1950s</b>	0.78%	2.05%	-1.27%
<b>1960s</b>	2.43%	2.33%	0.10%
<b>1970s</b>	5.41%	7.06%	-1.65%
<b>1950s through 1970s</b>	2.86%	3.79%	-0.93%

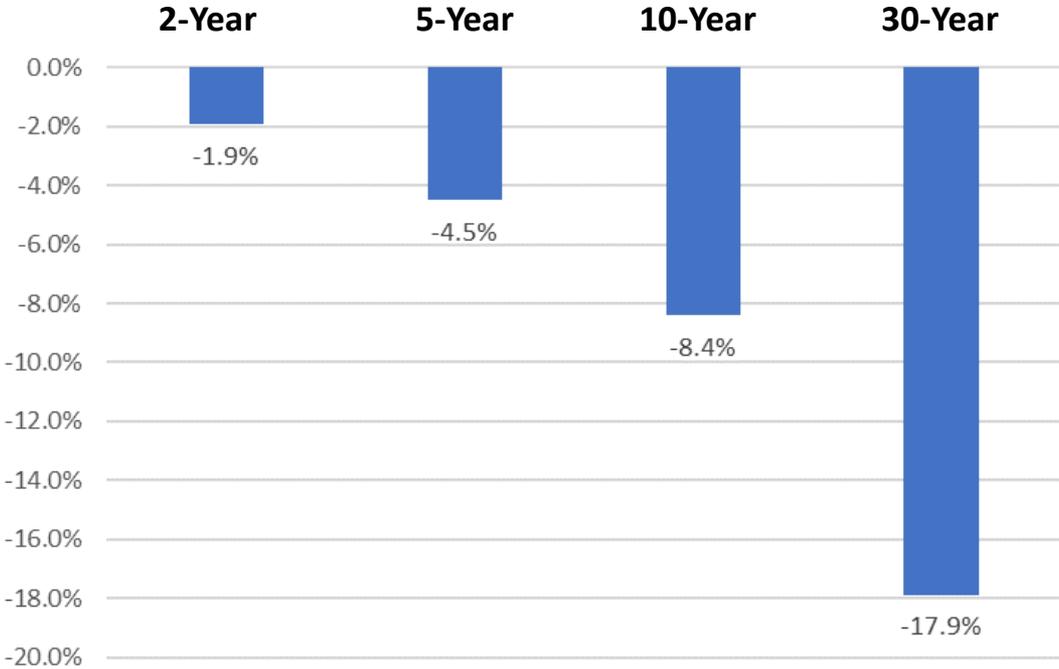
## Bond Bull Market

	10 Year Treasuries Avg. Annual Return	Average Annual Inflation Rate	Average Annual Real Returns
<b>1980s</b>	10.96%	5.27%	5.69%
<b>1990s</b>	5.85%	2.93%	2.92%
<b>2000s</b>	4.31%	2.56%	1.75%
<b>1980s through 2000s</b>	7.59%	3.61%	3.98%

Source: Bloomberg

# IMPACT OF RISING RATES

- The effect of a 1% rise in interest rates on U.S. Treasury prices



Source: JP Morgan. \*Data as of 12/31/2017. Change in bond price is calculated using both duration and convexity according to the following formula:  $\text{New Price} = (\text{Price} + (\text{Price} * -\text{Duration} * \text{Change in Interest Rates})) + (0.5 * \text{Price} * \text{Convexity} * (\text{Change in Interest Rates})^2)$ . Past performance is not indicative of future results. Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

# TREASURY BOND PERFORMANCE

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- Treasury Bonds typically **do well when the economy is flat to declining** but **NOT when the economy is growing/accelerating**

## Positive Markets

Economy is  
**DECLINING**

Economy is  
**FLAT / STAGNANT /  
SLOW GROWTH**

## Negative Market

Economy is  
**GROWING/  
ACCELERATING**

- It appears we're in a growing economy

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# **PROFITSCORE LONG/SHORT TREASURY STRATEGY OVERVIEW**

# WHO IS PROFITSCORE?

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- ProfitScore
  - A data-driven quantitative investment management firm
  - Specialize in engineering liquid investment portfolios that exploit predictable tendencies in investor behavior
  - Analytical observations are converted into full-scale investment models, which ProfitScore believes are robust, reliably predictive, and sustainable over all market environments
  
- ProfitScore Edge
  - Leveraging great technology, worldwide talent, proprietary research techniques, and huge data sets, ProfitScore attempts to turn data into predictive information
  - Research efforts focus on occupying the intersection between data and predictive analytics
  
- Firm Overview
  - ProfitScore is an SEC Registered Investment Advisor and an NFA registered Commodity Trading Advisor.
  - Over \$580 million under management and \$20 million under advisement through index licensing agreements as of 12/31/2017.

# PROFITSCORE STRATEGY OVERVIEW

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- ***ProfitScore Long/Short US Treasuries Strategy***

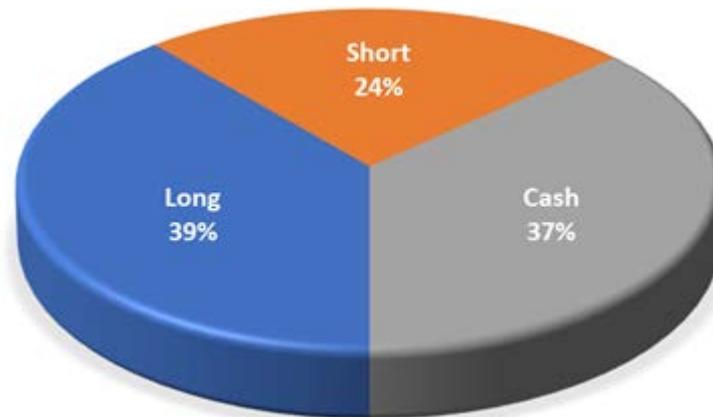
- Represents a quantitatively based, absolute return, multi-model strategy.
- Models attempt to be **predictive**, NOT trend following
- Designed to pursue active premium and dynamic risk management, this strategy utilizes multiple uncorrelated tactical models that attempt to predict price trends and position assets to benefit from both a rising or declining yield curve.
- Potential hedge for a fixed income portfolio
- The strategy may potentially benefit from rising or falling interest rates.
- The strategy was launched on October 19, 2011 and has over 6 years of live performance history.
- The research behind the strategy began on June 1, 2003 representing over 8 years of development before live performance began.
- The Index can be found at: <http://www.profitcoreindex.com/index/5>

# PROFITSCORE STRATEGY DESIGN

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- The strategy attempts to accurately predict the daily direction of the U.S. Treasury markets
- A long, short, or cash trading decision is made once per day

Historical approximate annual trade positions of the Index



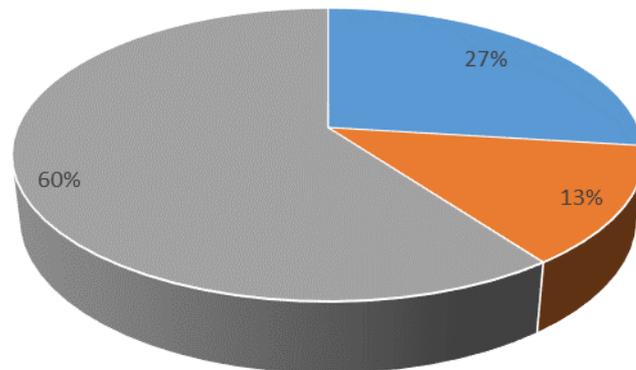
*Trade positions are subject to change and should not be considered investment advice.  
Data as of 12/31/2017 (latest data available).*

# PTAIX DAILY STATISTICS

Inception <sup>1</sup> – Dec 2017	Princeton Long/Shore Treasury Fund (PTAIX)	S&P 500	Barclay's Agg <sup>2</sup>
Positive/Flat Days	172	134	121
Negative Days	58	96	109
% Positive/Flat Days	75%	58%	53%
% Negative Days	25%	42%	47%

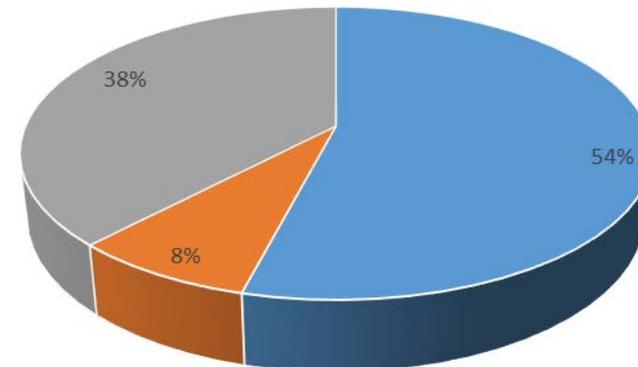
## Approximate Trade Positions of PTAIX

Inception – Dec 2017



■ Long ■ Short ■ Cash

Q4 2017



■ Long ■ Short ■ Cash

<sup>1</sup> Inception date is 2/1/2017

<sup>2</sup> Bloomberg Barclay's U.S. Aggregate Bond Index

*Past performance is not indicative of future results.*

# STRATEGY DESIGN

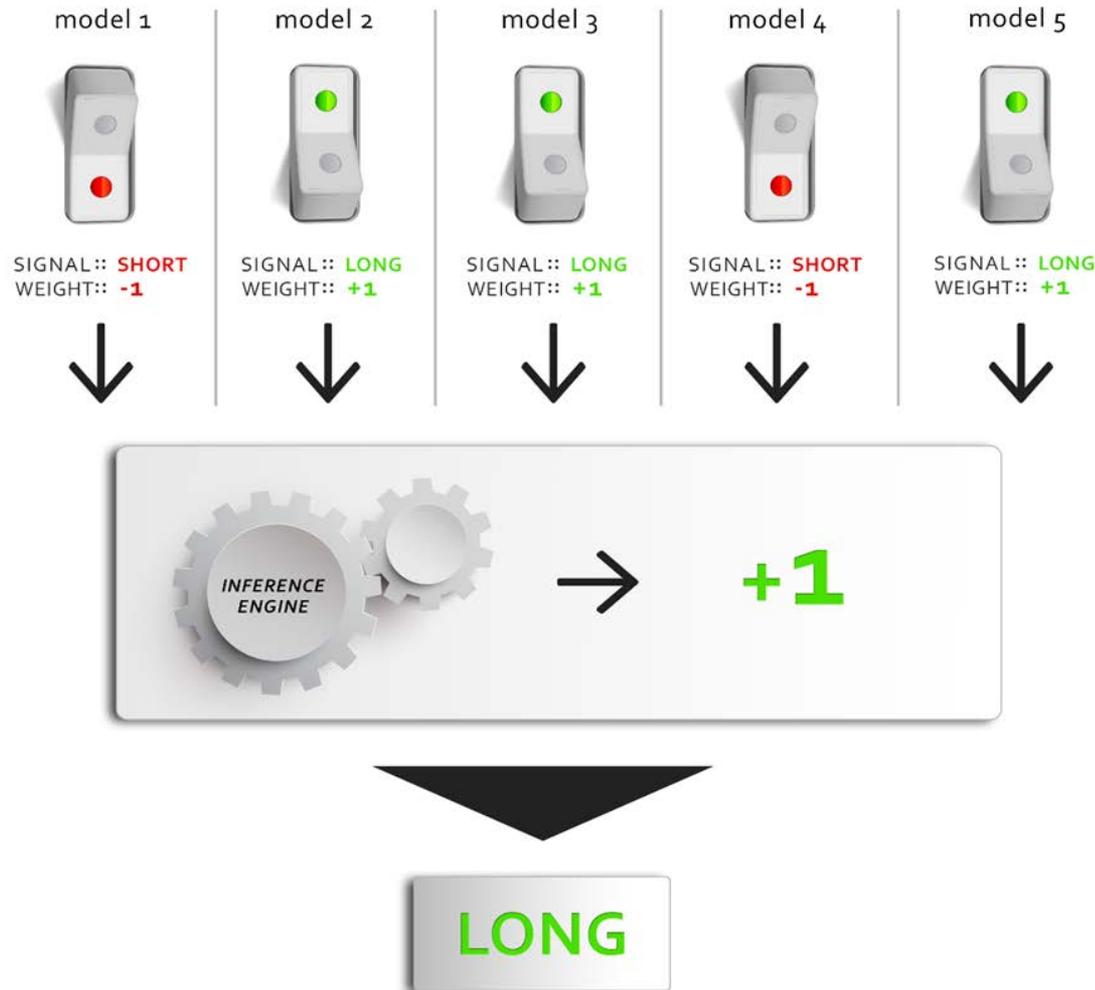
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- Trading signals are currently derived from 13 independent models\*
- Each model uses unique data elements to determine its trade signal, for example:
  - Relationships among specific currencies/equities/interest rates
  - Interest rate sensitivity of specific fixed income instruments
- Multiple models focus on one market, unlike strategies where the same model is used on multiple markets
- Very low correlations between sub-models
- Each model is backed by extensive research & development in an attempt to identify data that is predictive of Treasury price movements
- 100% quantitative for trading signal generation
- We believe the math is elegant but not complex

\* The numbers of models can change over time

# MITIGATING MODEL-SPECIFIC RISK

- Simple example of the interaction between models and the long/short decision making process



- Data-driven, multi-model decision
- Each sub-model is derived from a unique data set
- Attempts to identify models that are robust with long-term sustainability

# SUB-MODEL CORRELATIONS

- Short Models 1-5
- Long Models 6 - 13

Models	1	2	3	4	5	6	7	8	9	10	11	12	13
1	100.00%												
2	7.11%	100.00%											
3	15.78%	4.05%	100.00%										
4	-2.50%	-3.07%	3.89%	100.00%									
5	-1.43%	8.86%	15.55%	-7.99%	100.00%								
6	1.33%	7.71%	3.37%	3.92%	1.74%	100.00%							
7	9.70%	7.59%	3.97%	-6.96%	9.04%	-6.62%	100.00%						
8	3.80%	10.19%	1.58%	2.72%	-0.16%	7.47%	-2.60%	100.00%					
9	1.67%	2.48%	-0.27%	2.38%	1.16%	1.88%	0.00%	-0.42%	100.00%				
10	-0.03%	1.96%	3.03%	0.86%	4.13%	5.53%	-7.49%	17.32%	1.37%	100.00%			
11	14.42%	6.77%	13.76%	3.77%	7.21%	-2.52%	0.35%	3.48%	1.58%	2.46%	100.00%		
12	-5.13%	3.99%	0.86%	3.62%	7.60%	-0.80%	0.74%	-6.60%	-0.08%	-4.34%	-4.22%	100.00%	
13	8.16%	4.89%	12.69%	12.01%	25.19%	0.84%	2.17%	18.42%	0.07%	3.75%	28.97%	-11.41%	100.00%

10/19/2011 through 12/31/2016 (most recent data available)

# PROFITSCORE TRADING OVERVIEW

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- Historical characteristics of the Index (10/19/2011 – 12/31/2017):
  - A long, short, or cash trading decision made once per day
  - 90% of trades held 1-10 days with approximately 10% of trades lasting longer than 10 days
  - Average holding period of 3 days
  - Average annual trade positions: Long 39%, Short 24%, Cash 37%
  - On average, 125 trades per year

# PROFITSCORE STRATEGY TRADING INSTRUMENTS

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- Longer-dated U.S. Treasury futures contracts used in the strategy include the following:
  - U.S. 10-Year Note Futures (6.5 to 10 Years)
  - Ultra 10-Year Note Futures (9.5 to 10 Years)
  - U.S. Treasury Bond Futures (15 to 25 Years)
  - Ultra U.S. Treasury Bond Futures (25 Plus Years)

# THE FUND'S ADVISOR

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PRINCETON FUND  
ADVISORS, LLC

Princeton Fund Advisors, LLC, together with its affiliates, manages approximately \$2.7 billion of assets for institutional and private clients worldwide as of 12/31/2017. Princeton Fund Advisors, LLC is a Registered Investment Advisor ("RIA") with the SEC. The firm's Investment Committee Members contribute more than 60 years of alternative asset management experience to the portfolio construction and management process. The company has offices in Denver, Colorado and Minneapolis, Minnesota.

# PRINCETON FUND ADVISORS, LLC TEAM

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## **Portfolio Managers:**

### **Greg D. Anderson, *Manager and President***

Prior to founding Princeton Fund Advisors, LLC and its affiliated entities, Mr. Anderson was a Senior Vice President and Managing Director of Investment Manager Search, Evaluation, and Due Diligence at Portfolio Management Consultants, Inc. Mr. Anderson was previously employed with Deloitte & Touche where he specialized in the areas of estate planning, health care and non-profit organizations, and tax and personal finance planning for high net worth individuals. Mr. Anderson holds a B.A. degree from Hamline University in Minnesota and a J.D. from the University of Minnesota School of Law. Mr. Anderson is a Certified Public Accountant (inactive).

### **John L. Sabre, *Manager and Chief Executive Officer***

Prior to founding Princeton Fund Advisors, LLC and its affiliated entities, Mr. Sabre was a Senior Managing Director at Bear Stearns & Co. and Head of the Mezzanine Capital Group. Mr. Sabre previously served as President of First Dominion Capital, which managed \$3.0 billion of assets and is now owned by Credit Suisse First Boston. Prior to his position at First Dominion Capital, Mr. Sabre was a Managing Director and founding partner of Indosuez Capital, the merchant banking division of Credit Agricole Indosuez. Mr. Sabre holds a B.S. degree from the Carlson School at the University of Minnesota and an M.B.A. degree from the Wharton School at the University of Pennsylvania.

## **Other Team Members:**

### **Marc E. Friedman, *Senior Vice President, Director of Research***

Prior to joining Princeton Fund Advisors, LLC and its affiliated entities, Mr. Friedman was with Bard Capital Group, a private equity firm focused on leveraged buyouts of middle market operating companies. He was responsible for acquisition due diligence and execution as well as various financial initiatives with portfolio companies. Previously, he was an investment banker in the Corporate Finance Department of Stifel Nicolaus & Company, Inc. He has experience across a broad range of industries and has led the execution of many M&A and financing transactions. Prior to Stifel, he was an Associate with Morgan Stanley. Mr. Friedman received a B.S. from the University of Colorado at Boulder and earned an M.B.A. and M.S. in Finance from the Daniels College of Business at the University of Denver.

### **Zachary R. Slater, *Vice President, Portfolio Strategy***

Mr. Slater joined Mount Yale and its affiliated entities in 2011 to conduct and oversee research on new investment opportunities. His experience includes evaluating and monitoring traditional, alternative and private investment strategies. Additionally, he has experience transitioning strategies into different investment vehicles. Mr. Slater is responsible for sourcing new managers, conducting due diligence on potential managers and ongoing monitoring of current managers and investments. He holds a B.S. from the Daniels College of Business at the University of Denver.

# FUND FACTS

Share Class	Ticker	CUSIP	Investment Minimum*	AIP/AWP & Subsequent Minimum	Redemption Fee	Management Fee	Gross Expense Ratio <sup>1</sup>	Net Expense Ratio <sup>1</sup>	Class Structure	12B-1 Fee	Inception Date
A Share	PTAAX	66539A876	\$2,500	\$100	NONE	1.00%	1.93%	1.76%	5.75% Load*	0.25%	2/1/2017
I Share	PTAIX	66539A868	\$100,000	\$100	NONE	1.00%	1.68%	1.51%	No Load	None	2/1/2017

Role	Organization
Investment Adviser	Princeton Fund Advisors, LLC
Administrator/Transfer Agent/Fund Accountant	Gemini Fund Services
Outside Counsel	Thompson Hine LLP
Custodian	Union Bank, NA
Distributor	Forside Distribution Services, L.P.
Trust	Northern Lights Fund Trust
Auditor	RSM US LLP

*\*The load and investment minimum may be waived at the discretion of the advisor.*

*<sup>1</sup>Princeton Fund Advisors, LLC has contractually agreed to waive management fees and make payments until at least February 28, 2018. Please review the Fund's prospectus for more information regarding the Fund's fees and expenses, including other share classes.*

# GLOSSARY

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- *The **S&P 500 Index** is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.*
- ***Correlation** is a statistic that measures the degree to which two things move in relation to each other.*
- ***Volatility** is a statistical measure of the dispersion of returns for a given security or market index.*
- ***Mean, or Average** is a number expressing the central or typical value in a set of data, in particular the mode, median, or (most commonly) the mean, which is calculated by dividing the sum of the values in the set by their number.*
- ***Standard Deviation** is a measure of the dispersion of a set of data from its mean. If the data points are further from the mean, there is higher deviation within the data set.*
- ***Long** refers to buying an asset such as a stock, bond or currency, with the expectation that the asset will rise in value. The inherent risk is a decrease in the price of the security that may result in a loss.*
- ***Short** refers to selling an asset such as a stock, bond or currency, with the expectation that the asset will fall in value. The inherent risk is a increase in the price of the security that may result in a loss.*

# CONTACT US

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